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Macroeconomic policy questions: commodities

Indonesia*: draft resolution

Commodities

The General Assembly,

Recalling its resolutions 45/200 of 21 December 1990, 47/185 of 22 December 1992, 48/214 of 23 December 1993 and 51/169 of 16 December 1996, and stressing the urgent need to ensure their full implementation,

Recognizing that in many developing countries, in particular African countries and least developed countries, the commodity sector remains the principal source of export revenues, the creation of employment, income and savings, as well as a driving force of investment and a contributor to growth and development,

Expressing deep concern about the negative effects of unfavourable weather conditions on the supply side of commodity-dependent countries, and the effects of the financial crisis on the demand for commodities, as well as the continuing decline of commodity prices, which would adversely affect the economic growth of commodity-dependent countries, especially in Africa,

Concerned about the difficulties experienced by the developing countries in financing and implementing viable diversification programmes and in attaining access to the markets of developed countries,

Emphasizing the necessity for the developing countries, in particular African countries and least developed countries, for a domestic industrial transformation of their commodity sector with a view to enhancing productivity and stabilizing and increasing their export earnings, thus promoting the sustainable economic growth of developing countries in their integration into the global economy,

* On behalf of the States Members of the United Nations that are members of the Group of 77, and China

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Taking note of the report of the United Nations Conference on Trade and Development concerning the commodity situation in the context of the global economic environment,[1]

1. *Notes* the need of the developing countries, in particular the commodity-dependent countries, for stable and more predictable commodity prices at remunerative levels;

2. *Emphasizes* the need for developing countries that are heavily dependent on primary commodities to continue to promote a domestic policy and an institutional environment that encourage diversification and liberalization of the trade and export sectors and enhance competitiveness;

3. *Expresses* the urgent need for supportive international policies to improve the functioning of commodity markets through efficient and transparent price formation mechanisms and to help the commodity diversification programmes and liberalization efforts of developing countries, especially African countries, *inter alia*, by providing technical and financial assistance for the preparatory phase of those programmes;

4. *Urges* producers and consumers of individual commodities to intensify their efforts to reinforce mutual cooperation and assistance;

5. *Reiterates* the importance of maximizing the contribution of the commodity sector to economic growth and sustainable development in developing countries, especially in commodity-dependent countries and, in this respect, stresses that:

(a) International support for the efforts of developing countries towards the industrial transformation of their commodities is required to increase their export revenues and to improve their competitiveness with a view to facilitating their integration into the global economy;

(b) Trade-distorting policies and practices, including tariff peaks and tariff escalations, environmental regulations and other non-tariff barriers, as well as the erosion of trade preferences should be avoided as they have negative effects on the ability of developing countries to diversity their exports and to undertake the required restructuring of their commodity sector while impeding successful measures taken by the commodity-dependent countries;

(c) In line with Agenda 21[2] and the Rio Declaration on Environment and Development,[3] Governments should have as their objective to ensure that trade and environmental policies are mutually supportive so as to achieve sustainable development; in so doing, their environmental policies and measures with a potential trade impact should not be used for protectionist purposes;

(d) Efficient financial cooperation to facilitate the management by commodity-dependent countries of excessive fluctuations in commodity export earnings should be maintained and expanded;

(e) Technical cooperation in the areas of transfer of new technologies in production processes and training for technical, managerial and commercial staff of developing countries are of paramount importance for quality improvements in the commodity sector;

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[1] A/53/319, annex.

[2] *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3–14 June 1992*, vol. I, *Resolutions Adopted by the Conference* (United Nations publication, Sales No. E.93.I.8 and corrigenda), resolution 1, annex II.

[3] Ibid., annex I.

(f) Expansion of South-South trade and investment in commodities enhances complementarities and offers opportunities for intersectoral linkages within and among exporting countries;

(g) There is a need to promote research and development, to provide infrastructure and support services and to encourage investment, including joint ventures in developing countries engaged in the commodity and commodity-processing sectors;

6. *Reiterates* the need to strengthen the role of the Common Fund for Commodities in cooperation with the International Trade Centre and the United Nations Conference on Trade and Development, especially in directing its commodity development programmes more towards commodity sector diversification projects, as well as in promoting commodity market development in developing countries, with particular focus on the needs of least developed countries, and in exploring effective ways and means of using the resources of the First Account of the Common Fund;

7. *Requests* the United Nations Conference on Trade and Development to include in its preparation for the upcoming multilateral trade negotiations issues related to commodities, including financing of commodity diversification, for the consideration of the Conference at its tenth session, to be held in Thailand in 2000;

8. *Requests* the Secretary-General of the United Nations Conference on Trade and Development to report to the General Assembly at its fifty-fifth session on world commodity trends and prospects;

9. *Decides* to include the question of commodities in the provisional agenda of its fifty-fifth session.